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Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: strengthening of the coordination of emergency humanitarian assistance of the United Nations

Letter dated 30 November 2007 from the Secretary-General to the President of the General Assembly

I wish to transmit herewith the attached note on the outcome of the meeting of the Advisory Group of the Central Emergency Response Fund, which took place in Geneva on 25 and 26 October 2007 (see annex).

In accordance with General Assembly resolution 60/124 of 15 December 2005, the Advisory Group was established to advise the Secretary-General on the use and impact of the Fund.

The note summarizes the key points raised during the meeting on both the management of the Fund and its effect on humanitarian operations on the ground. I would like to draw your attention to the recommendation of the Advisory Group that greater effort be placed on increasing donor contributions and obtaining additional multi-year commitments to ensure that the target of US$ 500 million is achieved by 2008. The Advisory Group stressed that Member States, including permanent members of the Security Council, should make every effort to achieve this funding target. I fully endorse this recommendation and urge Member States to contribute generously to the Fund.

I would be grateful if you would bring the present letter and its annex to the attention of the Member States, ahead of the upcoming high-level conference on the Central Emergency Response Fund, scheduled for 13 December 2007 in New York.

(*Signed*) **Ban** Ki-moon

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Annex

Note by the Advisory Group of the Central Emergency Response Fund on the fourth meeting of the Group, held at Geneva on 25 and 26 October 2007

The Advisory Group was established by the General Assembly, in its resolution 60/124 of 15 December 2005, to advise the Secretary-General through the Under-Secretary-General for Humanitarian Affairs, on the use and impact of the Central Emergency Response Fund (CERF). In its fourth meeting, which took place on 25 and 26 October in Geneva, the Advisory Group followed-up on programmatic, administrative and financial issues as well as outstanding challenges since its last meeting in May 2007, reviewed the terms of reference for the two-year evaluation on the Fund, and discussed a wide-range of issues regarding the timeliness and appropriateness of fund allocations, performance, accountability and transparency.

Further to those issues elaborated in the note from its third meeting, the Advisory Group made the following observations and conclusions based on a briefing by the Under-Secretary-General for Humanitarian Affairs as Manager of the CERF, and discussions with Humanitarian/Resident Coordinators (HC/RCs) based in Chad and Côte d'Ivoire and the Head of the OCHA Office in Democratic Republic of Congo. The Group also took part in a video conference with the Office of the UN Controller in New York, and an exchange with representatives of the Inter-Agency Standing Committee (IASC) in Geneva.

1. The Advisory Group took note of the funding levels of the CERF and welcomed the broad donor base, which augured well for a global ownership of the Fund. The initiative of the Under-Secretary-General for Humanitarian Affairs to further broaden the donor base through private sector support was also welcomed. Greater effort needed to be placed on increasing donor contributions and obtaining additional multi-year commitments to ensure that the target of United States dollars ($)500 million is reached by 2008 so that the Fund becomes sustainable in the longer run. The Advisory Group recommended that the Secretary-General calls upon Member States, including Permanent Members of the Security Council, to make every effort to achieve this funding target by 2008.[1]

2. The Advisory Group reviewed the use of the loan and grant elements and took note of allocations made from the rapid response and underfunded emergencies window in 2007, totaling United States dollars ($)311 million. While members welcomed the newly established guidelines on life-saving criteria and their contribution to improved predictability, transparency and efficiency of the Fund, they suggest that similar clarity was need in the case of CERF allocations destined for underfunded or neglected crises. Furthermore, a tool for the classification of the severity of crises would benefit the rapid response window of the CERF. Members raised the possibility of using the CERF in cases of sudden onset pandemics of an emergency type and agreed that there be a discussion about the merit of the use of CERF for rapid on-set pandemics in the next meeting of the Advisory Group. Members further cautioned against funding crises that are a result of long-standing structural problems, which serve to erode humanitarian funding as they are developmental in nature. The Advisory Group recommended that CERF funding, as a last resort, should be made available for instant or renewed needs assessments prior to submission of a multi-sector CERF request.

[1] The target funding level of $500 million includes the CERF loan component which was established by the General Assembly in its resolution A/61/134 of 14 December 2006.

3. The Advisory Group reviewed the use of the CERF in responding to the immediate needs captured in Flash Appeals. On average, CERF provided about half of the donor contributions to 13 of 14 Flash Appeals launched in 2007. While the CERF contributions enabled operational partners to quickly scale-up response efforts, the Advisory Group urged that guidelines be developed to ensure the proper sequencing of CERF requests in relation to the development of Flash Appeals in order to allow for the most effective use of CERF's resources and ensure that CERF does not replace Flash Appeals.

4. The Advisory Group took note of examples where the development of CERF requests has led to the improvement of capacity of partners and created incentives for more active participation in coordination structures. While the CERF has enabled HC/RCs to quickly address critical and unforeseen needs, challenges continue to be faced in ensuring a well-prioritized process based on needs and not the mandates of operational partners. In this regard, more emphasis should be placed on improving humanitarian coordination processes and the active involvement of all relevant partners, including local and international non-governmental organizations (NGOs) and government counterparts. It was recommended to consider the allocation of funds for national NGOs when an allocation could be made on the programmatic level rather than the project level. This would positively impact on the development of CERF requests by ensuring an inclusive and appropriate articulation of needs, response priorities and roles and responsibilities. The Advisory Group commended the CERF Secretariat for the establishment of the CERF Partnership Taskforce – consisting of UN agencies and NGO representatives - and looks forward to its recommendations.

5. Moreover, the Advisory Group pointed out that more work needed to be done at the field level to ensure that identified and funded priority needs are based on comprehensive and recent needs assessments. Refining existing needs analysis frameworks and improving needs assessment tools and their effective use across crises, would be beneficial to the CERF in ensuring a better evidence base for decision-making. HC/RCs should also place greater emphasis on pre-disaster planning to identify the gaps in critical needs and ensure the effectiveness of resources. In countries with other pooled funds, more attention should be placed on coordinating the processes and allocations to ensure an effective use of existing resources.

6. As the CERF has been used in over 50 countries, the Advisory Group encouraged the Under-Secretary-General for Humanitarian Affairs to place greater emphasis on ensuring that the elements of the UN and Humanitarian Reform are properly understood and firmly entrenched at the field level, especially in disaster prone countries led by Resident Coordinators. The Group noted that the CERF had the potential to be a catalyst in three areas of reform: in the overall humanitarian response, in the UN delivery approach at country level, and in management and decision making.

7. When reviewing the administrative costs associated with the Fund, the Advisory Group noted with appreciation that the costs of the CERF Secretariat were being covered by the three percent programme support rate charged by the UN Secretariat. While they welcomed the addition of seven posts to the CERF Secretariat, the Group concluded that further posts were necessary to properly manage the Fund. The Advisory Group also took note of the ongoing effort to harmonize the financial reporting format among the entities of the UN system and expressed interest in receiving more detailed information regarding the upcoming report to the Fifth Committee on the reform of the administration of trust funds.

8. The Advisory Group took note of concerns expressed by UN programmes, funds and agencies and the International Organization for Migration (the participating agencies), particularly the high transaction costs of the CERF due to the differences between the legal and administrative frameworks of the Fund

and the participating agencies, cumbersome project-level funding, and the limitations of the system to channel funds quickly from participating agencies' headquarters to the field. They requested that the participating agencies provide empirical evidence to illustrate the high transaction costs of the CERF. The Group also urged the Under-Secretary-General for Humanitarian Affairs to encourage the Principals of the IASC to provide greater clarity on the costs included in the programme support charges, which presently stand at seven percent, in order to bring greater transparency to the use of resources.

9. The Advisory Group pressed for the prompt finalization of the umbrella Letter of Understanding (LoU), which would speed up the disbursement of funds and noted that it has taken a considerable amount of time to get this framework in place. As part of the two-year evaluation on the CERF, the Advisory Group requested that a flow of funds analysis be conducted on a sample basis to better understand the time lags encountered in the disbursement of funding to the level of the beneficiary. This should be complemented with the conduct of a series of real-time evaluations to review the performance of the CERF.

10. The Advisory Group observed that NGOs continued to have concerns regarding direct access to the Fund, as well as the time-consuming sub-agreement procedures and disbursement arrangements of participating agencies. Members recommended that the relationship and the flow of funds from CERF to country level pooled funds, like Emergency Response Funds (ERFs), be strengthened in order to ensure that resources are available for activities implemented by NGOs. The Advisory Group requested that the Secretary-General encourages an improvement in the partnership arrangements of participating agencies through the development of streamlined sub-agreement arrangements and pre-approval procedures for NGOs.

11. The Advisory Group discussed the merits and drawbacks of project-level allocations from the Fund. The Advisory Group called upon the Under-Secretary-General for Humanitarian Affairs to work with the Principals of the IASC to harmonize UN reporting systems and to create a country-level information management system to allow for systematic and output-oriented reporting, which would be in line with the principles of "delivering as one". This system would enable the participating agencies to properly report to HC/RCs as well as the Manager of the CERF on the delivery and the impact of funding, which would in turn enable more "programme-focused" CERF allocations.

12. Closely linked to the improvement of reporting and information management frameworks is the development of accountability tools to enable the HC/RCs to monitor the sound use of resources requested from the CERF. The Advisory Group observed that the channeling of resources through agency headquarters to field offices has limited the HC/RCs' ability to coordinate the monitoring of funding decisions made at the country level. The Advisory Group asked the Secretary-General to explore options to improve field level accountability by enabling the HC/RCs to have a stronger role in joint programming. The Advisory Group underscored the importance of strengthening the role of the HC in particular and welcomed the fact that the IASC has supported the revision of the terms of reference for HCs to reflect their responsibilities with respect to humanitarian financing tools, particularly the CERF.

13. The Advisory Group encouraged progress towards the finalization of an output-oriented performance and accountability framework as well as renewed emphasis on the creation of a standardized reporting and monitoring framework by 2008, focusing on outputs and achievements. Members of the Advisory Group requested that the CERF Secretariat continue to make addition improvement through the streamlining and rationalization of administrative procedures.

14. In reviewing the terms of reference for the two-year evaluation of the Fund, the Advisory Group observed that the evaluation should assess the extent to which the CERF has generated additional resources for humanitarian response and the potential for successful resource mobilization from new donors, which would serve to expand ownership of the CERF. They also noted that activities funded from the rapid response and underfunded windows should be assessed to determine the extent to which there is a clear distinction between the two categories, including the established ration between the two windows. In addition, the evaluation should address the sustainability of CERF funded activities, the scope for CERF funding to regional response efforts, the relevance of the loan element, and the potential for reimbursements of CERF grants in situations where agencies have been subsequently fully funded. In the two year of CERF existence, there has been a trend in variation of both sectoral and geographical needs. The evaluation should analyze such trends and the consequences for CERF operations and management. Finally, the Group noted that it was important that all donors to CERF were kept equally informed about progress and status of the evaluation as well as the Fund's operations.

15. The Advisory Group agreed that following its next meeting in May 2008, a third of the members of the Group will rotate. It was agreed that the Secretary-General should have freedom to review the merits of the Advisory Group, its terms of reference and composition, as well as its continued work.